

Feed pens in Namibia – Wishful thinking?

The Namibian stock industry has recently been marked by decisions that have to be implemented without adequate regard given to, or research vested in, their consequences.

The agricultural sector seems to differ from all other decision-making processes, be they business decisions or decisions affecting everyday life, and caution is often simply thrown to the wind. It is debatable whether decisions made are simply the wrong ones or whether it is the industry itself that sluggishly responds to such decisions and consequences in the hope that they'll simply go away. Either way, the industry should not be made to suffer.

The agricultural sector agrees in principle that we embrace Vision 2030. However, local slaughtering is the only foothold provided with other actions being excluded entirely or only earmarked to follow later. What about deforestation, improvements to the health of animals above the "red line", the marketing of emerging farmers and approval for the export of meat-on-bone? These are issues that must be addressed together with local slaughtering. With the cattle, sheep and goat industries convinced that we are entering a period of value-erosion, the issue of added-value has received much attention of late. The aim of this article is not to dwell on this further, but to investigate common perceptions.

A passing reference to the establishment of feed pens in Namibia has led to a snowball effect and multiple misconceptions: that a feed pen is a simple arrangement of poles and stones (a feed pen is more than just the sum of its parts); that such pens would receive feed from the "Green Scheme"; and that Namibia has the expertise to successfully manage such pens. We need to review these misconceptions logically.

Cattle feed pens

The core of this business is to transform feed (optimally as a by-product) to meat. By following a scientific process, 6kg of feed can be transformed to 1kg meat in a feed pen. This means that at least one ton of feed is required to transform a weaner calf (240kgs) to an ox for slaughter (450kgs). Assuming that a feed pen can feed 60,000 cattle per annum, a minimum of 60,000 tons of feed would be required per annum as well. South African entrepreneurs have carefully planned their feed pens. All pens lie between feed producers and at abattoirs. The availability and cost of transport (for both feed and meat) are deciding factors; the voluminous nature of feed prohibits that it is transported to the meat.

No where in Namibia is there such an availability of feed, which means that 6kgs of feed would need to be transported over vast distances to each 1kg of meat. This calculation is not viable.

Expertise in the nature of feed pens is critical. It must be noted that as Namibia does not possess such expertise it would need to be imported.

To achieve the feed turnover ratio of 1:6 (and reap a profit) feed pen techniques include the use of growth stimulants which rapidly increase growth in the final stages. Namibia may not use such stimulants and many feed pen operators have voiced the opinion that this factor alone will render local feed pens unprofitable.

The feed pen industry developed with very few to no pens operating in only one link of the value chain. Feed pens are involved in the backgrounding of calves, in the feed and slaughter (own abattoirs) processes, in the wholesale and even retail of meat. Profits can shift between these links and resultantly risk is minimized across the chain and can be absorbed. Namibian feed pens will not be able to manage risk in this way.

South African feed pens can furthermore manage risk by adjusting their purchases in times of difficulty when feed prices are high and meat prices low. Namibia does not have this luxury. With a closed border, there will be no option other than sending calves to feed pens. For lack of another market, pens will be obliged to take up the production.

"Green Scheme"

Rather than asking, "Where does it fit in?" the question should be, "What Green Scheme?" It is purely on the cards and does not exist yet. Should it become a reality it will not be soon enough to feed calves planned for retention in the country. Indeed, the scheme will not be adequately developed within three calving generations to supply feed for pens. Furthermore, even the

proponents of the scheme admit that it can only work with high quality harvests. This means that low value harvests such as corn, wheat, hay and the like will not be cultivated by the "Green Scheme". With a scarcity of water in Namibia, high quality harvests will have to be planted, which could have a spill over effect to ancillary activities including processing plants and deductively employment creation.

Sheep feed pens?

These do not differ greatly from cattle feed pens. They are only viable if the purchase price of lambs is low (due to thin animals); if feed can be delivered by rail relatively cheaply from Upington; and provided there is a niche market for fatter flocks. The adaptability of sheep from the Namibian environment to the feed pen scenario is difficult and requires special skills and knowledge. Alco, for example, is experiencing difficulties due to a lack of expertise in sheep feed pens.

Furthermore, profits are eaten away by the 40c/kg increase in feed costs. The closed border forces Alco to sell over-fat grades (4 -6) to abattoirs. The grading system (as opposed to the previous non-gradings where animals were sold to South African markets over the scale and on the hoof) means that these animals are sold for up to N\$ 100.00 less per head. This is a mortal blow for any sheep feed pen, particularly if it is forced to market the grades 4- 6 via abattoirs.

In conclusion

Intervention in the free trade of weaner calves will cause problems in Namibian cattle production. If this intervention is based on cattle feed pens, it should be reconsidered. Namibia cannot afford to test the waters with both feet and the Namibian livestock industry pleads that independent impact studies are performed before decisions are made.